

Business Model in Islamic Business Unit: A Lesson from Islamic Boarding Schools in West Java

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ABSTRACT

Traditional Islamic boarding schools or *Pesantren* in Indonesia are experiencing rapid development. To assist their educational funding, Islamic boarding schools create a business unit in the form of a cooperative called *kopontren* (hereinafter referred to as Islamic business unit). This study aims to discover what business model should be applied in Islamic boarding schools and what factors lead to the success of Islamic boarding school's businesses. The case study was carried out by analyzing statistical data on Islamic boarding schools in West Java and conducting in-depth interviews with business actors from six Islamic boarding schools. In addition, the researchers directly observed the schools to determine the business activities and donations that exist. Validation was done by triangulating the data from business actors and academicians who were directly or indirectly involved in the Islamic boarding schools' businesses. To strengthen the findings, the researchers analyzed the data using qualitative data analysis software called NVivo. The theory of business model, business unit, and Islamic boarding school was used as the basis of this research. This study discovers the efforts made by Islamic boarding schools in meeting their daily operational needs by applying the sharia business model. Through the Islamic business unit, the schools try to take advantage of the existing potential in their environment, participate in training and mentoring programs from the government, and establish cooperation with their networks.

KEYWORDS

Business model
Islamic boarding school
Islamic business
West Java
Islamic value

INTRODUCTION

Indonesia is a country with the largest Muslim population in the world. The total population is around 270 million people (Central Bureau of Statistics, 2020), and 87.2% of them are Muslim. This number accounts for 13% of Muslims worldwide (World Population Review, 2019). With this number, Indonesia has many forms of formal Islamic educational institutions, one of which is Islamic boarding schools, the simplest and oldest educational institutions in Indonesia (Kusnandi, 2017). There are 26,974 Islamic boarding schools in Indonesia. The most significant number is found in

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West Java, the most populous province with more than 48 million people (Central Bureau of Statistics, 2020). This province has 8,343 Islamic boarding schools that are experiencing very rapid development. For this reason, Islamic boarding schools in West Java were selected as the focus of this study.

Islamic boarding school is recognized for its great influence in developing the world of education in Indonesia. It is believed to be an alternative solution to various educational problems today (Thahir, 2014). It teaches basic knowledge of religion, morals, attitudes, independence, relationships, and other good habits to children in their golden age, from elementary school to high school. Nowadays, besides Islamic education, Islamic boarding schools adopt other aspects of knowledge from various fields such as general science, social science, and foreign languages.

For years, many Indonesian government programs have focused on developing Islamic boarding schools, especially in the field of entrepreneurship. Not all Islamic boarding schools require their students to pay school tuition. Free Islamic boarding schools are still commonly found, especially those located in remote areas where the public economy is still low. Therefore, the schools are trying hard to survive (Suwito, 2017) to meet operational costs including teacher salaries, electricity costs, clean water costs, uniforms, and basic daily needs. They need to survive in order to develop the schools and improve the welfare of students or *santri* (Hamzah, 2015). The schools sometimes receive and depend on operational funding assistance from the government and donors, but the support provided is not routine. It may not be enough to meet their daily needs. This condition then forces the Islamic boarding schools, as well as the stakeholders involved, to think hard to find solutions.

Running a business is one of the solutions. Business activities are sought to not depend on outside assistance, but not all businesses can be run by Islamic boarding schools. The business has to comply with Islamic teachings. So far, the way they run businesses is still straightforward and traditional. Some of the businesses even do not have a good record of incoming money. The income is obtained from selling products to limited internal residents of the schools, such as students or teachers. Sometimes, donors also help to purchase the products. There is no proportional division of labor and entrepreneurship skills training to proper product marketing. Besides, the products sold are also limited in type and production. The limited production is caused by limited capacity and working capital. In short, the way of doing business is not well structured. Thus, what business model should be applied in Islamic boarding schools? What factors make a business at an Islamic boarding school successful?

Business model research emphasizes its ability to explain and allow interconnection between theories (Ritter & Lettl, 2018). The researcher tries to connect existing business model theories and Islamic business theories and implement contextual elements of Islamic business units, which are very closely related to Islamic values. This research aims to answer what business model is suitable for Islamic boarding schools and propose a suitable business model for the schools to survive in meeting their daily needs. It is hoped that the results of this study can be a model for other Islamic boarding schools in Indonesia to survive and not depend on outside assistance

LITERATURE REVIEW

Islamic Boarding School

Islamic boarding school is the simplest and oldest educational institution in Indonesia (Kusnandi, 2017). It teaches morals, attitudes, independence, social relations, and other good habits for children

in their golden age, from elementary school to senior high school age. Nowadays, education in Islamic boarding schools has even adopted general knowledge, social knowledge, and foreign languages from various fields (Ministry of Religious Affairs of the Republic of Indonesia, 2003). The Director-General of Islamic Education issued Decree Number 5877 of 2014, which regulates the requirements for boarding school administrators in the Licensing Guidelines. The decree mandates that every Islamic boarding school must have an Islamic school leader, schoolteachers, a '*kobong*' or residence for students, mosques, holy books, and students living in the school environment. An Islamic boarding school must also meet administrative requirements, such as the establishment permit and good management.

According to Law of the Republic of Indonesia No. 18 of 2019, Islamic boarding schools are divided into three types; (1) those that provide education in the form of a Yellow Book review, (2) those that provide *Muallimin* education pattern, and (3) those that provide education integrated with general knowledge. In short, Islamic boarding schools are classified into traditional Islamic boarding schools (*salafiyah*), modern Islamic boarding schools (*khalafiyah*), and combined Islamic boarding schools (Setiawan, 2013).

In the case of modern Islamic boarding schools, this type of school seeks to fully integrate the classical and modern systems into *pondok* or *pesantren* (Ferdinan, 2018). Modernization in the context of Islamic boarding school is an effort to adapt to the world using scientific advances to gain knowledge as individuals, nations, or humans (Setiawan, 2013). A modern boarding school teaches not only religious education, but also other knowledge adopted from other fields of science. The recitation of classical books still exists but is no longer prominent, and some even serve as a compliment and turn into subjects (Ferdinan, 2018). In modern Islamic boarding schools, there is potential development in ethics (affective) and business through the skills and sensitivity in seeing new things (Setiawan, 2013). Collaboration occurred in Islamic boarding schools is the main capital in achieving community goals by sharing experiences and ideas during the discussion and teaching-learning process (Muazzomi & Sofwan, 2017).

Similar institutions exist in other countries such as Malaysia and Southern Thailand, where they are called "*Sekolah Pondok*," and in India and Pakistan, where they are known as "*madrasah Islamiyah*" (Islamic schools) (Thahir, 2014). There are several similarities and differences between Islamic schools in Indonesia and its neighboring country, Malaysia (Lubis, 2017). The two countries agree to make the values of Islamic education an operational basis for building the nation's intelligence through physical and spiritual strength. Indonesia and Malaysia have integrated Islamic education in public schools in addition to other knowledge. Islamic education is attached to the school curriculum for all levels of education, from elementary school to university. The difference is that the implementation of Islamic education in Indonesian public schools is under the control of the Ministry of Education and Culture while in Islamic schools, it is under the Ministry of Religious Affairs. In Malaysia, the delivery of Islamic education in public schools is controlled by the Ministry of Islamic Education or the central government. At the university level, it is under the responsibility of the said university. Meanwhile, in Malaysian Islamic schools, the supervision of Islamic education is carried out by the local government.

Many Islamic boarding schools in Indonesia do not collect tuition fees from their students, making it difficult for them to meet their operational costs. Those registered in the Ministry of Religious Affairs of the Republic of Indonesia sometimes receive financial assistance from the government and donors to cover operational costs, but it is not provided consistently. Thus, the schools need to find a way to fund themselves. One of the ways is by conducting a business.

Very few papers discuss business activities and business models in Islamic schools. Prasarnkarn (2020) discusses marketing strategies applied in Islamic schools in Andaman Province, India. Shaikh

and Alam Kazmi (2021) observe the marketing orientation and market-oriented cultural elements of an integrated Islamic school. This school teaches a modern science curriculum in addition to comprehensive religious teachings in an Islamic environment. Zaki, Widiastuti, Yudha, Wijayanti, and Mi'raj (2020) discuss entrepreneurial culture in an Islamic boarding school that should be in accordance with Islamic rules, especially those related to '*fiqh*' and '*adab*' or business ethics

Business Model

By definition, a business model is a system of resources and activities that generate value from customers in order to gain profits (Slávik & Bednár, 2014). It describes the value logic of the organization in carrying out a strategy to capture customer attention, and it is represented by a set of interrelated elements that address customers, value proposition, organizational architecture, and economic dimensions (Fielt, 2013) to provide a holistic understanding of how a particular way of doing business creates and captures customer value (Fielt, 2013). Some researchers formulate four main components of a business model: industry, resources, position, and cost factors (Rosenbloom, 2016). Some others formulate six elements: value proposition, market segment, value chain structure, revenue and margin, position in the value network, and competitive strategy. Osterwalder and Pigneur (2013) come up with nine elements that can be seen as general elements to capture the main features of the most proposed definitions: value proposition, target consumer segments, distribution channels, relationships, core capacity, configuration activities, partners, revenue streams, and fee structure. This model is called Canvas. Further, financial journalist Michael Lewis predicted that the future company would be based on an Internet-based business model (Slavik & Bednar, 2014).

In determining business strategies that can generate profits for the company, an entrepreneur must be keen to see opportunities to innovate by knowing their target audience, goals, and potential resources (Kania, Yuliani, & Dhewanto, 2017). Those abilities and knowledge are an entrepreneurial process that must be possessed in social and commercial entrepreneurship (Bacq & Janssen, 2011). In turn, these skills and knowledge can be an influencing factor to encourage social change (Ulfah & Dhewanto, 2015). In today's era, the business model implemented must also have integrated technology to facilitate and accelerate communication, information, and business transactions that are not hindered by distance and time. Especially during the outbreak of Covid-19, where physical distancing is limited, numerous companies have adopted digital business models to maintain operations and preserve revenue flows (Tregua, Mele, Russo-Spena, Marzullo, & Carotenuto, 2021).

In Islamic culture, how to be successful in business refers to the Qur'an (Nasution & Rafiki, 2020). In the context of Islam, business activities cannot be separated from Islamic ethics; ethics towards God and other people (Dewi & Dhewanto, 2012). The Islamic business model is a comprehensive scheme of business model ideas in Islam based on thoughts expressed as an integral conception of connected and integrated components that describe Islamic values and businesses (Hendratmi & Widayanti, 2017). In Islamic boarding schools, students learn entrepreneurship that is applied in business practices. However, the business models implemented at these schools are primarily traditional. Many components are missing out – such as business plans, financial records, production arrangements, human resource handling, and marketing strategies – due to lack of knowledge, entrepreneurship training, and business practices.

Islamic business values are built on four main foundations (Hendratmi & Widayanti, 2017), namely; (1) the foundation of monotheism (obedience to Allah), (2) transaction construction that complies with Islamic ethics which characterize the business aspects including production, marketing, human resources, and financial management, (3) business activities including

production, marketing, resource management, and finance, and (4) business objectives for economic development, social and *da'wah* benefits, and religious benefits. Thus, any business conducted in Islamic boarding schools uses this Islamic business model.

Business Unit

A business unit is a form of organization with a unique mission, has a set of competitors and industry (Parnell, 2014). In Islamic boarding schools, the business unit is in the form of a cooperative which is called *kopontren*. This Islamic business unit is registered in the State Ministry for Cooperative and Small Medium Enterprises. It contributes to educational activities and the empowerment of the surrounding community (Rustidja, 2020). According to the business life cycle, there are two categories of business units in Islamic boarding schools: business emergence and business survival. The business emergence stage is when a new company begins the development and commercialization of the company's market offering based on entrepreneurial activity. The survival stage is the period of verifying the company's primary market and ensuring the required level of profitability and liquidity (Matejun & Mikoláš, 2017).

In carrying out its business activities, an Islamic business unit is managed by a leader (not the leader of the school). Products or services provided are usually assets and potentials of the school, such as food, vegetables, livestock, fish, and others. The reason for creating a business unit is to fulfill the schools' basic needs and to earn a living (Suwito, 2017). The income is used to pay the operational costs, develop the schools, and improve the welfare of students (Hamzah, 2015).

Islamic Entrepreneurship

Islam as a religion is very concerned about entrepreneurship and business (Ramadani, Dana, Ratten, & Tahiri, 2015). In Islamic teachings, Muslims are encouraged to be dynamic and work hard in daily life (Ramadani et al., 2015). An energetic and diligent spirit is needed to achieve prosperity and make full use of the potential of the resources in the surrounding environment. These qualities are also characteristics that must attach to entrepreneurs. Thus, the quality of a Muslim becomes the core of Islamic entrepreneurship, which means the entrepreneurial aspects that have Islamic values in them. Therefore, religion is an explanatory variable for entrepreneurship and business (Dana, 2011).

Oukil (2016) synthesizes the positive aspects of Islamic entrepreneurship, namely principles, ethics, values, expected rewards, goals, structure, scope, and financing in two interdependent dimensions: the physical dimension and the spiritual dimension. The underlying principles of entrepreneurship and business in Islam are:

- entrepreneurship and marketing as an integral part of religion.
- success is measured from the results as well as the process of achieving it, Islam encourages humans to carry out business activities.
- business activities are part of worship, the principles of entrepreneurship and business are solely based on the Qur'an, the Hadith of the Prophet, ethics, and social responsibility based on the exemplary behavior of Muhammad SAW (Lewis & Churchill, 2008).

Islamic entrepreneurship is generally associated with a Muslim entrepreneur. Muslim entrepreneurs are defined as people who carry out business activities by always referring to Islamic principles and values. He invests in activities to create economic, social, and environmental value and seeks rewards from God Almighty (Oukil, 2016). Saripuddin and Zulkifli (2015) also mention that a Muslim entrepreneur must ensure that his real intention is to serve a noble cause and gain God's pleasure in every aspect of life.

The concept of Islamic entrepreneurship, which has been mentioned in the Qur'an and Hadith, is part of social entrepreneurship research based on models and theories (Boulven et al., 2018). Social entrepreneurs run businesses as legal entities under the Ministry of Trade, focusing on generating profits and influencing society. Similarly, Muslim entrepreneurs in Islamic boarding schools run businesses by focusing on generating profits for social purposes. The business legality is under the State Ministry for Cooperative and Small Medium Enterprises, and the legitimacy of schools is under the Ministry of Religious Affair. The business outcomes are prioritized for students, teachers, and the community. Goods or services sold are limited to products that are considered halal according to Islamic teachings.

The Islamic business unit is led by a business leader. He manages the business as a source of capital to meet the operational needs of the schools. The leader brings a deep understanding of what is most needed and feasible within their own specific contexts (Folta, Seguin, Ackerman, & Nelson, 2012). Ideal leadership character in Islamic boarding school has entrepreneurial abilities to run a business such as the ability to develop school vision, compromising and winning, building cohesion, reaching out, and building collaboration (Raihani, 2017).

RESEARCH METHOD

Research Process

This research focuses on a social phenomenon in Islamic boarding schools in Indonesia. Interpretivism was used due to the lack of relevant literature on entrepreneurship in Islamic boarding schools. The researchers obtained the empirical data, made an initialization framework, and tested it with existing theories to produce a broader general approach. The researchers tried to dig up information from the respondents in the process of collecting data to find out what was happening in the field and tried not to get involved in their activities. The exploratory method was used so that the existing data was not contaminated by existing theories from previous research. After the analysis was complete, the results were combined with the current approach to determining whether an adjustment was needed to the existing model.

Preliminary research activity was conducted to identify the Islamic boarding schools that have just started and successfully run a business in the form of Islamic business units. The selected Islamic business unit is a sample of a West Java provincial government program for the economic development of an Islamic boarding school called OPOP (One Pesantren One Product), that was implemented in 2019 and involved more than 2500 Islamic boarding schools from all over West Java. This preliminary process involved 15 respondents consisting of academicians, business practitioners, communities, and government representatives. The data were collected from interviews, observations, documents, and audiovisual information.

Interviews

The interviews were conducted face-to-face and via teleconference due to the limited access caused by the COVID-19 pandemic. The respondents are between 35 - 59 years old, with the education level of bachelor's degree to a doctoral degree. The selected respondents should fit some criteria. First, business unit leaders/business leaders of Islamic boarding schools should be directly involved in the business activities. They are representatives of Islamic boarding schools with a new business condition or have been operating for at least one year. The representatives have several things in common: starting the business process from business planning, production, and finding a market.

The number of students should be more than 5000 people. The schools have assets of more than 10 billion rupiahs. These criteria are used as benchmarks for successful and independent partners and to distinguish the financially independent school businesses and those who have not been successful in running a business. The other respondents are the business practitioners who lead the Islamic business unit in West Java. There are five Islamic business units in West Java that are still developing.

The researchers developed a complex picture of the problem under study that involved reporting from multiple perspectives, identifying many factors involved in a situation, and generally sketching the bigger picture that emerges. This process is by the characteristics of qualitative research (Creswell, 2014) which includes natural settings, various data sources, and holistic records. The interviews were conducted with Islamic boarding schools that support businesses, have only started their business less than two years, and are still trying to stabilize their market. Then, the researchers triangulated the data from Islamic boarding schools that survived and developed their business into a significant and sustainable one.

In this interview, the researchers explored the activities involved in an Islamic boarding school, including donation activities, social activities, and business activities. They also explored the actors of these activities, including the schools' participants and the community. However, the observation was limited to further determine the business activities and donations.

Triangulation

Triangulation is done after collecting information from various sources to corroborate the same findings (Yin, 2018). Triangulation was carried out on business practitioners, academicians, community, government, and businesspeople at Islamic boarding schools who have proven to be successful in running their businesses.

Table 1. Research respondents

No.	Code	Respondent category	Position/agency	Relationship with Islamic boarding school
1	A1	Academician	State University	Observer
2	A2	Academician	State University	Observer
3	A3	Academician	Private University	Observer
4	B1	Business Practitioner	Business Owner	Companion
5	B2	Business Practitioner	HR Director	Companion
6	G1	Government	Assistant Analysis	Companion
7	G2	Government	Head Division	Companion
8	C1	Community	Community Leader	Business Network
9	L1	Business Unit Leader	Islamic boarding school	Business Unit Leader
10	L2	Business Unit Leader	Islamic boarding school	Business Unit Leader
11	L3	Business Unit Leader	Islamic boarding school	Business Unit Leader
12	L4	Business Unit Leader	Islamic boarding school	Business Unit Leader
13	L5	Business Unit Leader	Islamic boarding school	Business Unit Leader
14	L6	Business Unit Leader	Islamic boarding school	Business Unit Leader
15	L7	Business Unit Leader	Islamic boarding school	School Leader

Analysis with Qualitative Data Analysis Software

To strengthen the findings, the researcher analyzed the data manually and compared the results using the NVIVO data analysis application to obtain more specific results.

RESULTS

In the initial process, interviews were conducted with business people at the Islamic business unit of Islamic boarding schools. The things studied cover (1) the routine activities in Islamic boarding schools, (2) how the schools survive without tuition fees and outside helps, (3) efforts and obstacles the schools face, (4) skills needed to run a business, and (5) kinds of business the schools are running.

The most basic activities in Islamic boarding schools are divided into three types: reciting and studying Islam, studying general knowledge, and helping manage the Islamic school leader's property. Islamic boarding schools in Indonesia are grouped into two: the traditional and the modern ones. Traditional Islamic boarding schools, run under the Indonesian Ministry of Religious Affairs, only teach Islamic education. In contrast, modern Islamic boarding schools, run under the Indonesian Ministry of Education and Culture, incorporate both Islamic knowledge and general knowledge in their curriculum. The curriculum is almost similar to that used by public schools, but it contains more Islamic lessons.

Not all Islamic boarding schools in Indonesia charge fees to their students. Most of them give free education because many students come from low-level-economic families. Thus, to meet their operational costs, the schools need help from outside parties, for instance, the government or donors. In the past, the students, or *santri*, participated in managing the assets of the school leaders such as fields and farms. The crops were then processed into daily food sources, consumed by themselves, or sold to the public.

Actors in Islamic Boarding School

Several actors or stakeholders get involved in the activities at Islamic boarding schools. They are *Kyai* (hereinafter referred to as Islamic school leader), *Ustadz* or teachers, administrators, and students. Some other parties outside the schools are also included, such as parents, academicians, and the government. Each stakeholder has a role to support the activities of the schools.

Islamic school leaders (*Kyai*) and teachers (*ustadz*) are figures to be examples and role models. They are the most effective elements in shaping students' characters. Students or *santri* live, study, and follow the rules set by their *Kyai*. *Kyai* is assisted by *ustadz* in delivering lessons and knowledge about religion and other general sciences. Besides *ustadz*, there is administrative staff to take care of student data, student development, learning scores, and financial administration. Students live in a closed complex with a place to stay called '*kobong*'. Besides *kobong*, the complex also has a mosque, study rooms, and areas for other activities.

The government and the academic community support activities at Islamic boarding schools by making and implementing various policies related to educational facilities, business support, and social assistance. Academicians contribute their ideas and thoughts in various fields that will help Islamic boarding schools develop and survive, including providing expertise and insight to build business units. Parents usually give full support to the knowledge given to their children. They are only given a chance to meet their children at a scheduled time in order not to interfere with the teaching activities and to teach their children to be independent.

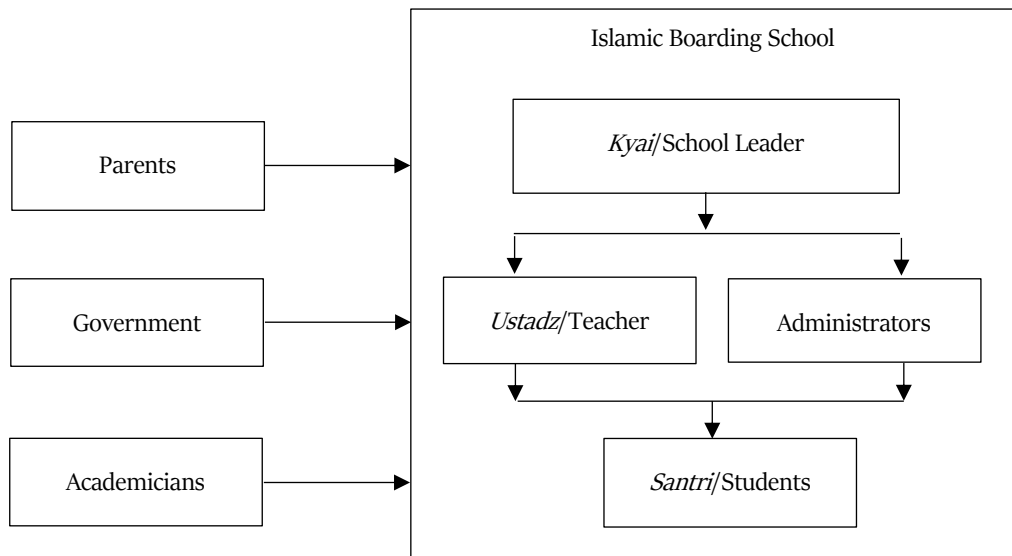


Figure 1. Islamic boarding school stakeholders

Social Activities in Islamic Boarding School

Very strong social activities are found in Islamic boarding school environments. The intended targets are students, teachers, and the community around the schools who have a low economic level. Internally, Islamic boarding schools help students to get an education regardless of their financial conditions. Many students with poor conditions or without parents study here. They are given free education, food, clothing, and housing. Outside the school area, Islamic boarding school administrators also maintain good relations with the surrounding community. Often, the schools help local people by giving them food or money. During Islamic holidays, the schools often distribute food to the community. Besides, the schools sometimes hire local people to do some difficult tasks, such as fixing rooms or making furniture, and give salary for the service. This activity also helps to give little income to the surrounding community.

Donation activities in Islamic boarding school

As previously mentioned, donors often provide donations for Islamic boarding schools to meet their daily operational needs. Donors can be individuals, government agencies, or private organizations. They usually donate used goods (clothing, furniture, books, etc.), food, and money. The used clothes are usually reused or recycled so that they can be sold back to the community. Food is directly consumed or kept for supplies, sometimes, it is also shared with the surrounding community. Money is used for two purposes: for direct operational costs (such as teacher salaries, school activities, electricity, communication, transportation, food, and other payments), and for developing business potentials.

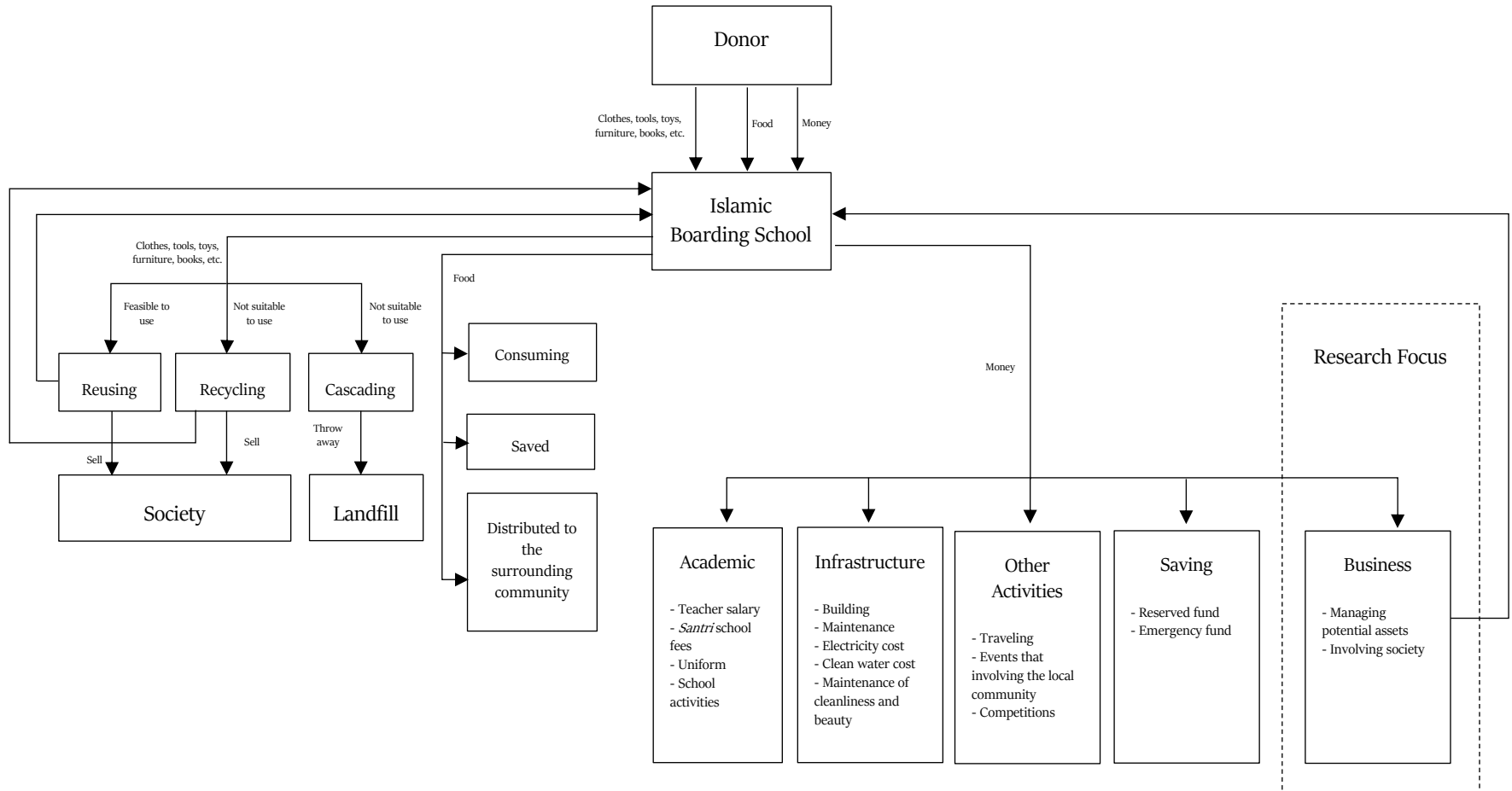


Figure 2. Existing donation activity framework at Islamic boarding schools

Business Activities In Islamic Boarding School

The business activities carried out at Islamic boarding schools are based on Islamic teachings. The schools usually sell the products of their natural potentials, such as crops, livestock, or handicrafts. Sometimes, they also produce food and fashion. However, most of these business activities are still run traditionally. Almost no business plans are made, even some sales transactions are not recorded. The conventional activities occur because managerial insight and entrepreneurial skills are still very limited. However, the schools still try to survive with the efforts they can afford. They try to implement a survival strategy by doing business to meet their own needs and the demands of the surrounding community so that they can survive and still meet the operational costs.

Bigger Islamic business units tend to have more stable business conditions. They sell daily necessities, such as rice, meat, and vegetables. They take advantage of the potentials around the schools' location. Most of the schools are located in mountainous areas which are rich in plants and lush trees. Fertile soil makes it suitable for growing a variety of vegetables and fruits. Other Islamic boarding schools are located in the city center and do not have the same natural resources, instead, they find other potentials such as providing catering services.

Sometimes, the leaders of Islamic business units communicate and discuss to find out what they can do to meet the operational needs of the Islamic boarding schools. They join and work with the business community in West Java to develop real business potential. As a result, they can develop their business and expand it to all Islamic boarding schools in West Java. They record any possibilities that exist and categorize them. Each business category partners with product manufacturers from the same business category, and then they provide goods with a larger capacity to consumers. Several similar products then duplicate this method.

Entrepreneurship skill is an important factor needed in a business. That way will make Islamic business units, that are responsive to problems, survive without relying entirely on outside help. Another ability that must be possessed is the managerial and administrative skills to manage capital, production, human resources, and marketing. Those who do not have this ability will not survive, and in less than a year, the business just starts to collapse. In addition, to compete in today's era, Islamic business units must be able to utilize and optimize technology such as social media and marketplaces to introduce and market their products. Technology optimization is needed to expand the product market of Islamic boarding schools. Among the Islamic boarding schools observed, one of them has marketed its products to Malaysia and Japan.

To create and develop a business within the Islamic business units in West Java, the provincial government holds a business development program that is run by the cooperatives and small and medium enterprises of West Java Province. The program encourages Islamic boarding schools to produce and develop their potential and superior products to cover their daily operational needs. In addition, the government provides funds and entrepreneurship training to business actors in Islamic business units. The government also encourages entrepreneurs to cooperate with Islamic business units and develop together.

Some Islamic boarding schools have succeeded in starting their business activities and growing rapidly to meet their operational needs, while others are still struggling. Some important things are done by successful Islamic business units as obtained from interviews and analyzed using the Nvivo application.

The coding result shows that the most discussed themes are human resources (42 items), leadership (31 items), and entrepreneurship (29 items). The researchers concluded that these variables are essential in developing business in an Islamic boarding school environment. Human resources refer to stakeholders in Islamic boarding schools who need to have an entrepreneurial spirit to face various challenges of the schools.

Table 2. Coding result

No.	Name	Discusses
1	Human Resources	42
2	Leadership	31
3	Entrepreneurship	29
4	Social Activity	25
5	Business Strategy	24
6	Religious Value	19
7	Business Plan	16
8	Asset & Modal/Assets & Capital	10
9	<i>Koperasi</i> /Cooperation	5
10	Rules	5
11	Government Assistance	4
12	Independence	3
13	Legality	2

DISCUSSION

The respondents of this research consist of academicians, business practitioners, government, and business leaders of Islamic boarding schools. They have their personal views regarding business activities at Islamic boarding schools. Religious and cultural norms bind someone who is directly involved in the Islamic school activities to follow whatever the schools' leaders say. Other respondents, on the other hand, see an issue more objectively.

The main purpose of Islamic boarding schools as educational institutions often limits and becomes an obstacle for them to carry out business activities. Therefore, not all Islamic boarding schools have a chance to get out of dependence on outside assistance. Instead, they continue to carry out their daily activities while hoping to get funds from donors.

The schools' social activities are based on the theory of social entrepreneurship. The goal is to earn profits and give a positive social impact to the surrounding community. The donations they obtain from donors in the forms of clothes, food, and money are managed into something more useful, not only for residents of the schools but also for the communities around. Here, they already have a social entrepreneurial spirit because it involves the surrounding community in need. Social entrepreneurship activities are combined with the habits of students in fasting, reciting Qur'an, and praying according to Islamic teachings, making this activity an Islamic entrepreneurship activity. This Islamic entrepreneurship is not guaranteed business success. Entrepreneurs must also have entrepreneurial skills in decision-making, courage, leadership, managerial skills, financial knowledge, and the use of technology.

At least five Islamic boarding schools have become business role models in the entrepreneurship program held by the West Java government through the cooperatives and small and medium enterprises of West Java Province. These five schools held workshops on business processing, complete with business mentoring for other Islamic boarding schools. This way is very effective so that it is continued to different business fields under the SME category because business actors in Islamic boarding schools and other areas need training and assistance in running and developing their businesses to become advanced and sustainable.

Nowadays, competition is no longer an option; collaboration is preferable. In collaboration, businesses can share roles in preparing competitive products to meet large numbers of consumers. In the end, the results obtained can help accelerate the daily operational needs of Islamic boarding

schools. In addition, by collaborating, the schools will have new insights, new networks, and new opportunities to develop.

Entrepreneurial skill is the main key in running a business. Quick decisions, good leadership, effective operational systems, sharp intuition in determining and managing existing potential, sharpness in seeing cooperation opportunities, and neat transaction recording can help achieve a smooth and successful business, including in Islamic boarding schools. Thus, business practitioners who are involved in managing a business from scratch to success must master these skills. The government provides a program that contains all knowledge of business so there should be no reason for Islamic business units not to progress because the government has provided all facilities as well as the funds.

Here, the intention to grow is an important spirit everyone should have, especially for the Islamic boarding school leader. An open mindset will allow a business to progress and develop. Unfortunately, many Islamic school leaders still think conventionally about running a business, making it difficult to grow and eventually get bankrupt. This condition becomes a challenge faced not only by the government but also by Islamic boarding schools who want to progress and be independent but are hindered by conventional rules from the leaders.

CONCLUSION

Running a business in the form of a cooperative helps Islamic boarding schools survive and meet their daily operational needs without relying on outside help from the government and donors. The cooperative is the most suitable form due to its basic concept for the welfare of all members. In running their business, Islamic business units must have the main factors that support business activities, such as human resources, leadership, entrepreneurship, social activities, and business strategy. These factors are summarized into an Islamic business model of Islamic boarding schools. This business model can be duplicated and applied to other Islamic boarding schools so that more and more Islamic boarding schools survive and develop based on the same business model.

Table 3. Islamic business model variables

Business model variables	Description
Target consumer segments	Islamic boarding school stakeholders, the surrounding community, the public
Value proposition	Mutualism between Muslims and Islamic boarding school stakeholders
Distribution channels	Islamic boarding school communities in West Java and Indonesia in general
Customer relationships	Recitations, religious events
Revenue streams	Sales of products and services
Key resources	The excellent potential around Islamic boarding schools
Key activities	internal and external religious activities
Key partnership	Islamic boarding school communities in West Java and Indonesia
Cost structure	Purchase of raw materials, tools, premises, salaries, and maintenance
Islamic leadership	Have entrepreneurial skills, have Islamic values according to religious teachings, have leadership skills

Business Model Canvas from Osterwalder becomes the basis of the business model applied in Islamic boarding schools. It was chosen because it is easy to understand, even for beginners. West Java Provincial government used this business model in their program for business development in

Islamic boarding schools, which began in 2019 and involved more than 2500 schools. Business mentors introduced this business model canvas to participants when making a business plan. In practice, the Business Model Canvas is applied to business activities in Islamic boarding schools in which Islamic values are closely embedded. Habits in Islamic boarding schools and Islamic religious rules also become guidelines when making business models. A clear pattern can be seen where the existing business model is related to Islamic values. Islamic leadership is added to this model, making it an Islamic business model since the key to successful business operations depends on the leadership, which has an open model and broad insight.

The nine blocks in Osterwalder's Business Model Canvas are adjusted. Each variable in the business model canvas is modified to fit the Islamic teaching. Every business has the goal of getting the maximum profit, but without good religious guidelines, a person, including an entrepreneur, tends to take any path to get his goal (Leroux, 2005). Contradictions between matters of life, morality, and ethics will reveal inconsistencies and wrongdoing (Hannafey, 2003). Religious people tend to avoid illegal acts such as bribery or corruption, even if it impacts on getting less income (Oukil, 2016). Seeking profit is not the main goal for religious entrepreneurs. Research conducted by Oukil (2016) states that Islamic entrepreneurship maintains a balance between Muslims' material and spiritual goals. In doing business and entrepreneurship, Islam teaches that all activities must be free from all unethical or immoral intentions and actions, and therefore from sin. This value is what distinguishes Islamic business from others.

So far, Islamic business units in observed Islamic boarding schools run their business activities using the existing business model. In this case, the role of the Islamic school leader is significant. Every business activity conducted by Islamic business units must be under the permission of the school leader. However, there are still many school leaders who think that this institution should only focus on religious education. This condition becomes a challenge, especially for those schools that are struggling in covering their basic operational needs. Thus, the variable of Islamic school leader needs to be added to the existing business model to ensure that all processes and variables have Islamic values.

In Islamic teachings, the bases of leadership are religion, morals, and human resources. All these components are based on the spirit of having the faith of Allah SWT. A leader's faith in God affects his effectiveness (Rafiki, 2020). Another study states that the quality of Islamic leadership positively influences the attitude of followers and leads to higher levels of satisfaction, motivation, performance, positive energy, and organizational loyalty (Abed & Randall, 2005). At the same time, Kasturi (2006) emphasizes that the quality of Islamic leadership serves as an essential human resource that offers value to organizational performance. Rafiki (2020) states that Islamic leadership is superior to other leadership concepts, which consist of current and future goals. Islamic leadership is different from transformational, transactional, and laissez-faire leadership styles. In Islamic teachings, the leadership style is categorized as building relations, role model, leading with spirit, decision-making, delegating, participative style, problem-solving, shaping values and culture, and team building.

The biggest market for Islamic business units is the internal environment of the Islamic boarding school, the surrounding community, and the public in general. Islamic business units also serve as the leading distribution channel and partnership that helps revenue by distributing and selling products or services. This distribution can occur if there is a regular recitation in the Islamic boarding school environment and through religious events involving the community of Islamic boarding schools in West Java. That way, they can offer each other superior potentials.

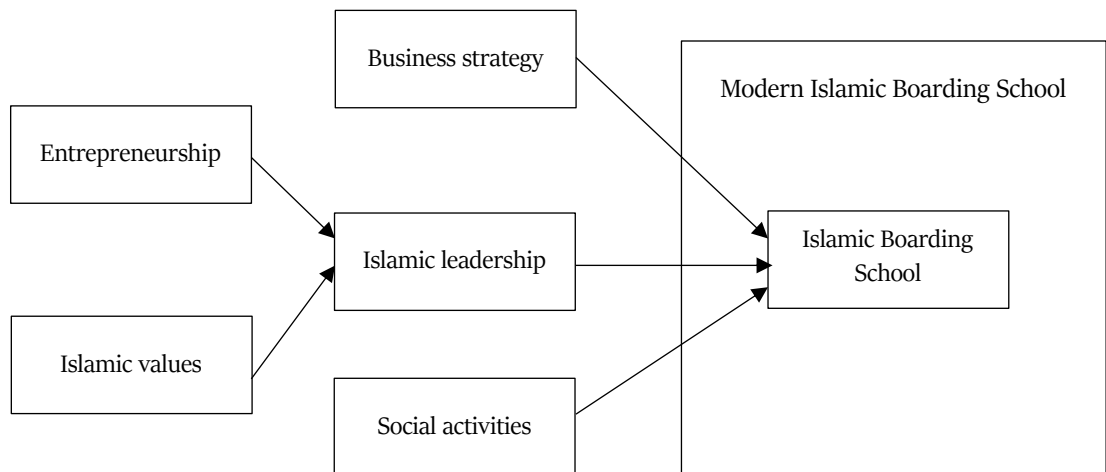


Figure 3. Islamic business model framework proposed

MANAGERIAL IMPLICATION

The purpose of this research is to make Islamic boarding schools, especially in West Java, have an initial guideline of what to do and to prepare in conducting business activity through a cooperative business unit. There are several implications that can help to improve their business unit. First, this study provides basic business guidelines for Islamic boarding schools. These guidelines can be used by Islamic boarding schools to determine the important factors to prepare for doing business. They can determine their potential to develop. They can plan the source of funds needed for initial capital by making a business proposal. In terms of human resources, they need entrepreneurship training, management skills, and leadership skills in addition to religious knowledge to make this business survive and thrive.

Second, this study offers basic guidelines for government assistance programs. Governments that usually have assistance programs for Islamic boarding schools can use this research to find out what things they have to prepare to provide training, knowledge, equipment, and capital money assistance for Islamic boarding schools so that they are right on target.

Third, this study identifies the opportunity to collaborate. Collaborations arise apart from fellow Islamic boarding school business communities and other companies in producing or marketing products and services. In addition, fellow Islamic boarding schools can share their experiences in conducting business activities. They can conduct workshops for other Islamic boarding schools with the same or complementary business activities.

Fourth, this study suggests for creating internship opportunities. Students majoring in business can do the internship program to help the Islamic boarding schools develop their businesses. They have the same factors as those studied in their schools so that they are easier to apply in the context of Islamic boarding schools.

Fifth, this study suggest creating export opportunities. After having a strong foundation and extensive network, the Islamic boarding schools have broad export opportunities. They will have more production capacity from a diverse network that is regulated by good management.

The last, this study recommends for financial independence. Islamic boarding schools that have applied this business model well and moved towards a sustainable business will lessen their dependence on outside assistance in meeting the daily operational costs.

LIMITATION AND FUTURE RESEARCH

It would be very interesting for further research to examine Islamic boarding schools outside West Java because Indonesia has a unique culture in each region. Further researchers also need to examine the potential for developing Islamic boarding schools with different geographical locations and consider differences in regional conditions, weather conditions, culture, and local government policies. In addition, Islamic boarding schools with different production capacities and turnover will be very interesting to study as a reference for the government to carry out entrepreneurial programs by the needs of business actors in Islamic boarding schools.

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